



Civil Service Commission
Employee Benefits Division



MI HR SELF-SERVICE

Flexible Spending Accounts Open Enrollment

2009 Flexible Spending Accounts Open Enrollment

November 3, 2008 – December 1, 2008

The Flexible Spending Accounts Open Enrollment for the 2009 calendar year begins **November 3, 2008, and ends December 1, 2008.**

Flexible Spending Accounts (FSAs) allow **you to pay for dependent care and eligible out-of-pocket health care expenses with pre-tax dollars, thereby reducing your taxable income.**

With a little up-front planning, FSAs can provide you with significant tax savings while paying for a wide array of out-of-pocket health care and/or dependent care expenses.

The 2009 Flexible Spending Account Plan Booklet contains the information you need to determine if you want a **Health Care** and/or **Dependent Care** Spending Account. It also explains how to establish and use your account.

Along with the plan booklet and savings calculators, additional questions and answers are available online at www.michigan.gov/employeebenefits. Select 'Flexible Spending' from the left menu.

For information or questions regarding eligible expenses or the reimbursement process please contact the ADP Participant Solution Center at (800) 422-3703, Monday through Friday, 8:00 a.m. to 8:00 p.m.


Important!


Enrollment is required if you wish to participate in 2009, even if you are currently participating this year.


Enrollment instructions may be found on page 4 of this brochure.

* Non-career and SPS employees are not eligible for this benefit.

Important Information About Flexible Spending Accounts

 The 2009 Flexible Spending Account Plan Booklet contains the rules and requirements of the plan. All participants should become familiar with the contents of the plan booklet. You can access this booklet and copies of ADP forms online at www.michigan.gov/employeebenefits. Select 'Flexible Spending' from the left menu.

 ADP, Inc. administers the FSA accounts on behalf of the State of Michigan. You will submit your claims to ADP using ADP forms. You can access your 2009 account beginning in January 2009 on the ADP website at <https://www.flexdirect.adp.com/mifsa/>.

 On the MI HR Gateway at www.michigan.gov/selfserv, select 'MI HR Information'. MI HR Information has details about account eligibility, tax implications, contributions, and claims.

Two Easy Ways to Enroll!

On-line in MI HR Self-Service
www.michigan.gov/selfserv

By phone through the
MI HR Service Center

Lansing Area (517) 335-0529
Toll Free: (877) 766-6447
TDD: (517) 241-8046

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Health Care Spending Accounts

A **Health Care Spending Account** can save you money on eligible out-of-pocket health care expenses, such as doctors' office co-pays, dental and orthodontia co-pays, prescription co-pays, health insurance deductibles, vision and hearing expenses not covered by insurance, and some over-the-counter drugs such as cold and allergy medications, pain relievers and antacids.

If you are uncertain about whether or not an item or service qualifies for reimbursement, you should determine its eligibility before making the purchase by calling the ADP Solution Center at (800) 422-3703. You may only claim eligible expenses, co-pays and deductibles that are not covered by your insurance or any other plan. Health insurance premiums and long term care insurance premiums are *not* eligible expenses.

The following is a **partial** list of eligible health care expenses:

Medical Plan Deductibles and/or Co-pays Associated With:

- Medical services
- Dental services including orthodontia
- Vision care exams
- Prescription drugs
- Psychological and psychoanalytical therapy
- Occupational/physical therapy
- Speech therapy
- Chiropractic expenses for medical care
- Private duty nursing services

General Expenses:

- Glasses, contact lenses, lens maintenance solutions, and laser eye surgery
- Hearing aids and batteries
- Cosmetic surgery (medically necessary)
- Infertility treatments

Equipment & Supplies:

- Specialized apparatuses (qualified)
- Back support devices
- Orthopedic shoes
- Special mattress (medically necessary)
- Repair of special phone equipment for the deaf

Medical Treatments:

- Acupuncture or related procedures (qualified)
- Sterilization (reproductive)
- Whirlpool baths (medically necessary)
- Over-the-counter drugs and medicines (qualified)

Miscellaneous Items:

- Braille books
- Convalescent home (for medical treatment only)
- Reading therapy for dyslexic child
- Guide dog and its maintenance
- Select educational costs for physically and cognitively handicapped children

Note: The maximum annual contribution per employee is \$5,000. A married couple that both work for the State of Michigan may contribute \$10,000 total (\$5,000 each). The minimum contribution is \$2.00.



Health Care Spending Account Debit Card

You can use your Health Care Spending Account debit card like a credit card to pay your eligible expenses. The payment will be made directly from your Health Care Spending Account instead of paying cash and then waiting for reimbursement.

If you elect to use the Health Care debit card, you must retain documentation for each expense for a minimum of one year and you agree to submit this documentation to ADP upon request.

You may choose not to use the debit card and instead pay for the expense and send a request for reimbursement to ADP. Document requirements are specified by the IRS and can be found in the 2009 Flexible Spending Account Plan Booklet.

If you were enrolled in a Health Care Spending Account for the 2008 plan year, please keep your current card. A new card will not be sent to you.

If you were enrolled in the 2008 Health Care Spending Account, but elect not to enroll in the Health Care Spending Account for 2009, your Health Care Debit Card will be turned off December 31, 2008.

All new Health Care Spending Account participants will automatically receive an ADP Health Care debit card free of charge.

If you are enrolled in a Health Care Spending Account and need a new card, please contact ADP at (800) 422-3703.



Dependent Care Spending Accounts

A **Dependent Care Spending Account** can be used to pay for day care expenses while you or your spouse are at work, looking for work, or are at school. It can also be used for local day camp and for care expenses for any incapacitated person you are eligible to claim on your income taxes. **The Dependent Care Spending Account may not be used for medical expenses.**

The following is a **partial** list of eligible dependent care expenses:

- Care at licensed nursery schools
- Day care in or outside your home
- Before and after school care
- Day camps
- Child care centers
- Babysitter or *au pair*
- Eldercare

Note: The annual regulatory maximum for dependent care FSA contributions per household is \$5,000. The minimum is \$2.00. Additionally, if either you or your spouse earns less than \$5,000 a year, your maximum annual deposit is equal to the lower of the two incomes. If your spouse is a full-time student or incapable of self-care, your maximum annual deposit is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents. Unlike a Health Care FSA, the entire maximum annual amount is not available during the plan year but, rather, after your payroll deductions are received.



Grace Period for Medical and Dependent Care Spending Accounts

Internal Revenue Service Notice 2005-42 permits a **grace period** of 2 months and 15 days following the end of each plan year during which unused contributions in either your Health Care or Dependent Care Spending Account may be reimbursed for qualified expenses incurred during the grace period.

This means that since the State of Michigan's 2009 Spending Account plan year will end on December 31, 2009, you may incur qualified expenses through March 15, 2010, and use any remaining funds from your 2009 plan year account, as long as you are an active participant in the Health Care or Dependent Care Spending Account on December 31, 2009. If your employment with the State of Michigan ceases during 2009, you may choose to continue participating in your Health Care Spending Account by paying your contributions through COBRA. Your Dependent Care Spending Account cannot be continued through COBRA.

You will have until April 15, 2010, to submit claims for reimbursement for expenses for the 2009 plan year and any claims incurred during the grace period. Any funds you have contributed that remain in your account, after processing of claims received prior to this deadline, will be forfeited. The only exception to this rule applies to persons entering active military service. Please see the 2009 Plan Booklet for details.

The grace period is intended to provide a safety net for you only if you have not incurred all of your anticipated expenses during the previous plan year, therefore you should use only the calendar year (12 months) for calculating expenses for your flexible spending accounts.

Note: Current 2008 participants will have until March 15, 2009, to incur eligible expenses for the 2008 plan year. The deadline for claims submission for 2008 expenses is April 15, 2009.

If you have expenses that you incurred during 2008 and want them to be reimbursed from your 2008 contributions, it is important that you submit them prior to using your debit card or submitting expenses you incur during 2009. In other words, it is important you submit claims in the order in which they were incurred.

For Example: Susan participates in the 2008 Health Care Spending Account (HCSA) for \$1,000 annually. As of November 31, 2008, she has been reimbursed for \$800 of eligible 2008 expenses. Susan then purchases contact lenses for \$200 on December 22, 2008 and intends to send a request for reimbursement and the receipt to ADP in order to use the remainder of her 2008 HCSA money. On January 15, 2009 she has dental work costing \$1,200 and uses her debit card to pay this expense. ADP uses the \$200 from Susan's 2008 account and \$1,000 from her 2009 account to pay the expense. On January 20, 2009 Susan mails her request for reimbursement to ADP for the contact lenses she purchased in December, 2008. ADP rejects this claim because there are no more funds available in her 2008 account.

**MI HR SELF-SERVICE
AND MI HR INFORMATION**

On-line in MI HR Self-Service
www.michigan.gov/selfserv

MI HR SERVICE CENTER

Mailing Address:
P.O. Box 30002
Lansing, MI 48909

Lansing Area: (517) 335-0529
Toll Free: (877) 766-6447

TDD (for the hearing impaired):
(517) 241-8046

Fax: (517) 241-5892

How Do I Enroll?

Enrollment can be completed in your MI HR Self-Service account at www.michigan.gov/selfserv. After logging into your account, select the 'Flexible Spending' link on the left to access links to Flexible Spending plan information and instructions on how to enroll.

Access to your MI HR Self-Service account is available seven days a week via the Internet/intranet, except during regularly scheduled maintenance.



If you do not have access to the Internet or need assistance enrolling, contact the MI HR Service Center at 1-877-766-6447 to enroll by telephone, Monday through Friday from 7:00 a.m. to 6:00 p.m.

If you have lost or forgotten your MI HR Self-Service password, you can reset it at www.michigan.gov/selfserv by selecting 'Password Help', or e-mail Self-Serv-Support@michigan.gov.

Flexible Spending Open Enrollment Checklist

- Review the [2009 Flexible Spending Account Plan Booklet](#) for plan information and changes.
- Carefully calculate what your Health Care Spending and/or Dependent Care expenses will be for 2009. OR, if you already know your 2009 contribution, calculate your bi-weekly deductions using the formula below.
$$\begin{array}{ccccc} \$ & \underline{\hspace{2cm}} & \div & \underline{\hspace{2cm}} & = & \$ & \underline{\hspace{2cm}} \\ \text{total contribution for 2009} & & & \text{number of desired pay periods} & & & \text{bi-weekly amount} \\ \text{(not to exceed plan maximums*)} & & & \text{(up to 26)} & & & \text{(\$2 minimum)} \end{array}$$
- Complete enrollment on-line in MI HR Self-Service **OR** contact the MI HR Service Center at 1-877-766-6447 for assistance.
- Print and retain your confirmation statement. Confirmation statements for enrollments completed through the MI HR Service Center will be mailed to your home address on record. Please be sure your address is correct.
- Review your January 8, 2009, payroll earnings statement to ensure that your Flexible Spending deductions were taken.

* Information on plan maximums is available in the 2009 Plan Booklet.

If you need assistance, please contact the MI HR Service Center.

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